APPORTIONMENT OF INCOME ON A COMBINED REPORT

39-22-303.11(C)

- 1) The provisions of this regulation apply for income tax years beginning on or after January 1, 2009. The provisions of Regulation 39-22-303-11(c), as it existed prior to January 1, 2009, apply to income tax years beginning prior to January 1, 2009.
- 2) Except as otherwise provided in regulation 39-22-303-11(e), when filing a combined report, the affiliated group of corporations shall file one return, apportioning income under the provisions of either 39-22-303.5 C.R.S. or 39-22-303.7 C.R.S., summing the numerators to derive a single apportionment factor for the combined group.

Example: Of the unitary affiliated group of C corporations, A, B, and C, A and B are doing business in Colorado, C is not. The Colorado sales factors of the three corporations are as follows:

Corporation A:	Colorado sales	\$5,160,118
	Total revenue	\$7,652,492
Corporation B:	Colorado sales	\$1,642,720
	Total revenue	\$80,009,652
Corporation C:	Colorado sales	\$183,290
	Total revenue	\$814,005

The combined sales factor would be as follows:

Colorado sales (A+B) = \$6,802,838

Total sales (A+B+C) = \$88,476,149*

Combined Sales Factor = 7.6889%

^{*} assuming no intercompany eliminations

The 7.6889% sales factor is applied to the combined modified federal taxable income (after intercompany eliminations) of the affiliated group to determine the Colorado taxable income to be reported on the combined filing.

A taxpayer may be engaged in activities that subject the taxpayer to more than one apportionment methodology; those activities may be engaged in by the same corporation or more than one corporation. In these cases, the factors of the lines of business may bear no logical relationship to each other and the calculation of Colorado net income shall be done according to the sales provisions of Special Regulations for Allocation and Apportionment of Corporate Income 1-7.